

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



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DATE: May 19, 2010
TO: Interested Parties
FROM: Mary Sexton, Director 
RE: Cabinsite Lease Rate: May 17 Land Board Meeting Results

On May 17, 2010, the Land Board approved rules implementing the "Alternative 3B" cabinsite lease fee calculation methodology. Following publication the rules with the Secretary of State's Office, the rules will become effective on May 28, 2010. The DNRC will bill the leases that have completed the five-year phase-in to 2003 values by May 28, 2010, as per the Land Board's direction.

To date, a portion of the leases referred to as "A" and "B" category leases, have completed the phase-in from 5% of the 2003 Department of Revenue appraised value. The remaining leases referred to as "C, D and E" are still in the process of phasing-in to the full fee of 5% of the 2003 Department of Revenue appraised values. Therefore, the A and B leases will be billed for the 2010 lease fee based upon the lease fee calculation of Alternative 3B. The May 28 bill will be for the amount determined by the new rules. Included with the bill will be a 2010 Supplemental Lease Agreement (2010 SLA) that lessees must sign and return to the department in order to be billed under the new rules. Those lessees that do not return the 2010 SLA will be charged rent determined according to the current "no-phase-in" methodology, 5% of the 2009 Department of Revenue appraised value. The current method will result in a higher 2010 lease payment for nearly all cabinsite lessees.

The "C", "D", and "E" category leases are still completing their five-year phase-in to 2003 values. However, those lessees will be mailed the 2010 SLA and have the opportunity to make lease payments based on the new rules once their phase-in is complete in 2011, 2012, and 2013, respectively.

All lessees who have previously requested a semi-annual lease bill will receive their second half bill in early July, which is the regular billing cycle. For more information, visit the DNRC cabinsite information webpage or the Land Board webpage.

- ◆ Cabinsite Information Webpage: <http://www.dnrc.mt.gov/cabinsite/LeaseFeeFAQ.asp>
- ◆ Land Board Webpage: http://dnrc.mt.gov/About_Us/meetings.asp#lb